

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3565-03
BILL NO.: HCS for HB 1422, 1199, 1411, 1754, & 1947
SUBJECT: Makes Various Changes to Public Health Statutes
TYPE: Original
DATE: March 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$237,142) to (\$44,570,382)	(\$251,061) to (\$53,620,949)	(\$255,234) to (\$53,125,122)
Blindness Education, Screening and Treatment Program #	\$62,645	\$0	\$0
Highway	(\$121,867)	\$1,305	\$1,345
Assistive Technology Loan Revolving #	\$0	\$0	\$0
Missouri Lead Abatement Loan*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds *	(\$296,364) to (\$44,692,249)	(\$249,756) to (\$53,619,644)	(\$253,889) to (\$53,123,777)

***Subject to Appropriation. # Revenues and expenditures net to \$0.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*** Revenues and expenditures of approximately \$75,000,000 net to \$0.**

This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** stated the proposal would establish four different programs affecting several departments and commissions. SOS states that based on experience with other divisions, the rules, regulations, and forms issued could require as many as approximately fifty-six pages in the "Code of State Regulations". SOS states that for any given rule roughly half again as many pages would be published in the "Missouri Register" as in the "Code" because cost statements, fiscal notes, and the like are not repeated in the "Code". SOS states these costs are estimated. SOS estimates the cost of a page in the "Missouri Register" to be \$22.50. SOS estimates the cost of a page in the "Code" to be \$26.50. Publication costs in FY 2001 due to this proposal would be \$3,374. SOS states the actual costs could be more or less than the numbers given. SOS states the impact of this proposal in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, or withdrawn. SOS states the proposal alone does not require additional personnel but the cumulative effect of other proposals that require rulemaking activity may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

HB 1422

Officials from the **Department of Health (DOH)** and **Office of State Treasurer** did not respond to our fiscal impact request. **Oversight** assumes no fiscal impact on the Office of State Treasurer.

Oversight assumes the DOH, subject to appropriation, would begin making loans to qualified applicants for lead abatement projects no later than July 1, 2001. **Oversight** assumes any loans

ASSUMPTION (continued)

made would be limited to funds available from appropriations, gifts, bequests, or donations received.

HB 1199

Officials from the **Coordinating Board For Higher Education (CBHE)** stated they are not directly involved in the administration of the kidney program and would not realize fiscal impact from the proposal. However, they assume there would be a fiscal impact to the University of Missouri with increased administrative requirements and new patient costs. The administrative costs would likely range from \$60,000 to \$100,000, with additional costs on a per patient basis. It is unknown how many patients would participate.

Officials from the **University of Missouri (UM)** assume a basic program, which would provide no drugs to patients, would cost \$70,000 per year. This would allow eligible patients who meet a means test to have access to pharmacy pricing through UM's contract pharmacy provider. If they provided drugs to eligible low-income transplant patients, UM officials estimated an additional annual cost of approximately \$1.75 million. If they also assisted patients by paying for any and all private insurance that patients might be eligible for (thereby shifting some of the cost burden to the private sector insurance), they estimated an additional annual cost of about \$500,000.

Oversight has ranged the costs from lowest end of the range to include administrative costs, to the highest end of the range to include providing drugs (\$1.75 million) and patient assistance (\$500,000).

HB 1411

Officials from the **Department of Labor and Industrial Relations, Missouri Assistive Technology Project, (DOL)** stated that regarding the Assistive Technology Loan Program, Title III provides matching federal funds for states to establish no-interest or low-interest loans for the purchase of assistive technology. Each state has been allotted \$500,000 for program start-up. They assume no new staff would be required, and existing positions, currently funded with federal Title Assistive Technology Act dollars, would be used to support program development in FY 2001. An FY 2002 decision item for state general revenue would be developed for staff time and internal operation costs (about \$100,000 annually based on a million dollar program) and a one-time state appropriation of matching dollars (up to \$500,000 if that is the federal allotment). Administrative costs would be for contracts with community organizations, communicating availability of grants to affected members of the public, expenses for meeting

ASSUMPTION (continued)

with community organizations, and supplies.

Oversight assumes administrative costs would vary with the amount of funds available for loans.

Officials from the **State Treasurer's Office (STO)**, in a response to a similar proposal (HB 1061 from the 1999 legislative session), assumed that a new accounting fund would be created in the state treasury: the Assistive Technology Loan Revolving Fund. The proposed legislation would slightly increase the number of accounting transactions processed through their accounting system and increase the available funds for investment. The STO would absorb the costs associated with increased accounting transactions and investments through their current appropriations.

HB 1754

Officials from the **Department of Health (DOH)** stated that currently, there are 3.8 million licensed drivers in Missouri (per Department of Revenue). DOH assumes roughly one-third or 1,266,666 drivers would be licensed each year. Because this is a new program DOH anticipates that only 7% of license renewal would donate a dollar each year. However, the rate would probably increase as the program became better known or advertised (1,266,666 licensed drivers X 7% of people contributing = \$88,667 in annual donations). This is based on past experience with similar programs in Missouri (Organ Donor Program).

DOH also states that currently, there are 5.7 million motor vehicles licensed in Missouri (per Department of Revenue, 1998). DOH states the motor vehicles in this 5.7 million include not only vehicles licensed for personal use but also fleet vehicles, i.e. those licensed by private companies, taxi cab companies, trucks, and the like which most likely would not contribute to the fund. Because this is a new program DOH anticipates that approximately 1% of people registering motor vehicles for personal use would donate a dollar to the program (3.8 million motor vehicles licensed for personal use X 1% of people contributing = \$38,000 in annual donations).

DOH estimates \$126,667 would be received in annual donations. DOH assumes that it would contract with a nonprofit organization that deals with community blindness education for program development, education, screenings and eye examinations, and vision treatment services. DOH assumes a one percent administrative cost for DOR for collection. DOH assumes no spending in the first year in order to let the fund accumulate resources. DOH assumes the program would not begin until January 1, 2001.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** stated the proposal would create the

L.R. NO. 3565-03
BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
PAGE 5 OF 13
March 3, 2000

Blindness Education, Screening, and Treatment Program Fund. Applicants for motor vehicle or trailer registrations or driver license transactions would be asked if they wish to donate a dollar to promote blindness awareness. The donations collected in the DOR license offices would be deposited in the Blindness Education, Screening, and Treatment Fund.

Administrative Impact

Division of Motor Vehicle and Driver Licensing - Field Services Bureau

DOR assumes this proposal only applies to all driver license transactions and only vehicles registered pursuant to section 301.020, as this section only pertains to motor vehicles and trailer registration. This proposal would require each applicant for a motor vehicle or trailer registration or drivers license transaction to be inquired in order to determine if he or she wants to make a one dollar donation to the Blindness Education, Screening and Treatment Program Fund. The Field Services Bureau estimates this additional inquiry would increase motor vehicle and driver licensing processing time an average of 15 seconds per transaction. This increased processing time would require an additional 3 FTE in order to process driver license transactions and 10.5 additional FTE to process motor vehicle and trailer registrations.

Drivers License Bureau

The over-the-counter licensing system would require programming in order to account for the collection of the one dollar donation. Polaroid, Inc., (software vendor) estimates 440 hours of programming for this requirement.

440	Estimated Hours of Programming
x \$125	Hourly Contracted Programming Rate
<u>\$55,000</u>	Total Programming Cost

Motor Vehicle Bureau

The automated field office title and registration system would require programming in order to account for the collection of the one dollar donation. The Motor Vehicle Bureau estimates that 450 hours of programming will be required by RSI, Inc., (software vendor) in order to meet the for requirements for this proposal.

ASSUMPTION (continued)

450 Estimated Hours of Programming

MPW/GCB:LR:OD:005 (9-94)

L.R. NO. 3565-03
BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
PAGE 6 OF 13
March 3, 2000

x \$150 Hourly Contracted Programming Rate
\$67,500 Total Programming Cost

Information Technology Management Bureau

The internal information systems of the Department of Revenue would require program modifications in order to meet the requirements of this proposal. The Information Technology Management Bureau estimates .5 FTE are needed to provide the program modifications for six months.

Oversight assumes no additional FTE would be required to fulfill the requirements of this proposal.

This proposal would result in a increase in Total State Revenues.

HB 1947

Officials from the **Department of Health (DOH)** that they would use contracted professional services to administrate the program outlined in this proposal at an annual cost of \$79,311.

Officials from the **Department of Social Services** did not respond to our fiscal impact request.

Obesity Section

Officials from the **Department of Health (DOH)** assumed the intention of this proposal is for the department to develop a report that would increase understanding of the prevalence of obesity and its impact on diseases. DOH would use existing resources to conduct the required study and prepare the report. DOH also assumes that this proposal does not mandate statewide obesity programs. DOH states that if the intent of the proposal is that the department would implement statewide obesity reduction programs, a new decision item would have to be developed and requested during the appropriation process.

Officials from the **Department of Social Services (DOS)** assumed that the proposal is specific to the product orlistat (Xenical) by HLR. Xenical is the only non-systemic prescription product for the treatment of obesity that is currently available. DOS assumes that the proposal does not address over-the-counter products that make similar claims.

ASSUMPTION (continued)

DOS states they recently had dialog regarding this product with an advisory panel composed of

health care professionals.

The discussion points were: 1) the success of this product is highly dependent upon changing patient behaviors with regard to eating habits and exercise; 2) evidence of effectiveness beyond two years has not been determined at this point but it appears that maintenance of weight loss would probably require the continued use of the drug product; and, 3) the cost of this product is approximately \$110 per month per patient. Patients would generally have to be on the product for three months (\$330 per patient) before it would be apparent whether or not it is working. DOS assumes that the state would not have any flexibility to require results before continuing coverage under this proposal.

DOS states that statistics indicate the most important, and most difficult, facet of any weight loss program is behavior modification. The data suggest a nationwide resistance to appropriate lifestyles and healthy behaviors with regard to nutrition and exercise. Modifying behaviors in the Medicaid population to the extent necessary for this therapy to be effective is problematic. If DOS would be required to cover this drug, DOS feels that the agency should be given the authority to require evidence of changes in behavior prior to authorizing the initiation or continuation of therapy. In addition, DOS should receive funding - for the drug - but also to study the pharmacoeconomic impact/cost effectiveness of covering the product. DOS states this would be the first time that coverage of a specific drug product by the Missouri Medicaid program has been legislated. DOS currently has processes in place to seek the advice of experts in making policy decisions.

DOS states that according to the Department of Health, the prevalence of obesity in the adult population in Missouri is 32.9%. DOS states there are currently 291,401 Medicaid eligibles age 21 and older. If the prevalence of obesity is the same for the Medicaid population as the entire Missouri, the estimated number of obese adult persons on Medicaid would be 95,871 (291,401 x 32.9%). DOS is unable to determine the percent of adults that would take advantage of these medications. DOS assumes that the cost would range from \$100,000, if very few take the medications, to \$126,549,720, if everyone took the drug.

FISCAL IMPACT - State Government

FY 2001
(10 Mo.)

FY 2002

FY 2003

GENERAL REVENUE FUND

Transfers - Department of Health

MPW/GCB:LR:OD:005 (9-94)

L.R. NO. 3565-03
 BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
 PAGE 8 OF 13
 March 3, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Appropriations to Missouri Lead Abatement Loan Fund	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs - University of Missouri</u>			
Administrative costs	(\$70,000)	(\$71,750)	(\$73,544)
	\$0 to	\$0 to	\$0 to
Drugs	(\$1,750,000)	(\$1,750,000)	(\$1,750,000)
	\$0 to	\$0 to	\$0 to
Patient assistance	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>
	(\$70,000) to	(\$71,750) to	(\$73,544) to
Total <u>Costs</u> - University of Missouri	<u>\$2,320,000)</u>	<u>(\$2,321,750)</u>	<u>(\$2,323,544)</u>
<u>Costs - Department of Labor and Industrial Relations</u>			
Appropriation to Assistive Technology Loan Revolving Fund	\$0	\$0 to (\$500,000)	\$0
		\$0 to	\$0 to
Administering the Loan Program	<u>\$0</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>
		\$0 to	\$0 to
Total <u>Costs</u> - Dept. of Labor and Indust.	<u>\$0</u>	<u>(\$600,000)</u>	<u>(\$100,000)</u>
<u>Costs - Department of Health</u>			
Contracted services	(\$67,142)	(\$79,311)	(\$81,690)
<u>Costs - Department of Social Services</u>	(\$100,000) to	(\$100,000) to	(\$100,000) to
Medical assistance payments	<u>(\$42,183,240)</u>	<u>(\$50,619,888)</u>	<u>(\$50,619,888)</u>
ESTIMATED NET	(\$237,142)	(\$251,061)	(\$255,234)
EFFECT ON GENERAL	To	To	To
REVENUE FUND*	<u>(\$44,570,382)</u>	<u>(\$53,620,949)</u>	<u>(\$53,125,122)</u>

* Subject to Appropriation.

FEDERAL FUNDS

<u>Income - Department of Labor and Industrial Relations</u>	\$0 to
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MPW/GCB:LR:OD:005 (9-94)

L.R. NO. 3565-03
 BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
 PAGE 9 OF 13
 March 3, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Federal Matching Grant	\$0	\$500,000	\$0
<u>Income - Department of Social Services</u>			
Medicaid reimbursements	\$100,000 to \$63,274,860	\$100,000 to \$75,929,832	\$100,000 to \$75,929,832
<u>Costs - Department of Labor and Industrial Relations</u>			
Assistive Technology Loans	\$0	\$0 to (\$500,000)	\$0
<u>Costs - Department of Social Services</u>			
Medical assistance payments	(\$100,000 to \$63,274,860)	(\$100,000 to \$75,929,832)	(\$100,000 to \$75,929,832)
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*** Subject to Appropriation.**

**BLINDNESS EDUCATION,
SCREENING AND TREATMENT
PROGRAM FUND**

<u>Income - Department of Revenue</u>			
Donations	\$63,278	\$130,467	\$134,382
<u>Costs - Department of Revenue</u>			
Collection fee	(\$633)	(\$1,305)	(\$1,345)
<u>Costs - Department of Health</u>			
Contract for services	<u>\$0</u>	<u>(\$129,162)</u>	<u>(\$133,037)</u>
ESTIMATED NET EFFECT ON BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND	<u>\$62,645</u>	<u>\$0</u>	<u>\$0</u>

HIGHWAY FUNDS

MPW/GCB:LR:OD:005 (9-94)

L.R. NO. 3565-03
 BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
 PAGE 10 OF 13
 March 3, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Income - Department of Revenue</u>			
Collection Fees	\$633	\$1,305	\$1,345
<u>Costs - Department of Revenue</u>			
Computer Reprogramming Costs	<u>(\$122,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>(\$121,867)</u>	<u>\$1,305</u>	<u>\$1,345</u>

**ASSISTIVE TECHNOLOGY LOAN
REVOLVING FUND**

<u>Income - Department of Labor and Industrial Relations</u>			
Appropriation from General Revenue	\$0	\$0 to \$500,000	\$0
Loan Repayments	\$0	\$0	\$0 to Unknown
<u>Costs - Department of Labor and Industrial Relations</u>			
Assistive Technology Loans	\$0	\$0 to (\$500,000)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON ASSISTIVE TECHNOLOGY LOAN REVOLVING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**MISSOURI LEAD ABATEMENT
LOAN FUND**

<u>Income - Department of Health</u>			
Gifts, bequests, donations, etc.	\$0	Unknown	Unknown
<u>Transfers - Department of Health</u>			

MPW/GCB:LR:OD:005 (9-94)

L.R. NO. 3565-03
 BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
 PAGE 11 OF 13
 March 3, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Appropriations to Missouri Lead Abatement Loan Fund *	\$0	Unknown	Unknown
<u>Costs - Department of Health</u>			
Loans	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON MISSOURI LEAD ABATEMENT LOAN FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

***Subject to appropriation.**

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business would be expected to be fiscally impacted to the extent they would be provided a funding source to perform a lead abatement project.

DESCRIPTION

This proposal (which was HB 1422) would require the Department of Health to develop an administrative plan by July 1, 2001, for implementing a new loan program for owners of dwellings or child-occupied facilities for the performance of lead abatement projects. Owners who would apply for such loans would be required to conduct lead abatement projects consistent with Sections 701.300 to 701.338 RSMo, provisions pertaining to Lead Abatement and Prevention of Lead Poisoning, and rules created under the proposal.

DESCRIPTION (continued)

The department would be required to evaluate lead abatement project plans developed by loan applicants; would provide loans for the cost of performing lead abatement projects as stated in the proposal; and would establish rules pertaining to the dispersal and repayment of each loan. Applicants would be required to comply with payment, lead abatement provisions, data requests, and inspection requirements as specified in the proposal.

The proposal would also establish a Missouri Lead Abatement Loan Fund in the state treasury. The fund would be financed from appropriations, loan repayments, interest, gifts, bequests, donations, and other public or private funds. The State Treasurer would be required to administer the fund according to the provisions of the proposal. Moneys in the fund would be used only for the purpose of performing lead abatement projects. Moneys in the fund would not revert to the credit of the General Revenue Fund at the end of the biennium.

This proposal (which was HB 1199) would establish a separate organ transplant program to be administered by the Missouri Kidney Program in the University of Missouri. This program would provide assistance for immunosuppressive medications and other services for other organ transplant patients. The Missouri Kidney Program would establish program guidelines and eligibility requirements and will coordinate its efforts with the divisions of Family Services and Medical Services in the Department of Social Services for the effective operation of the organ transplant program.. Funds available for the organ transplant program would be primarily used for providing pharmaceutical services. If other funds become available, other services for the treatment of organ transplant patients may be provided.

This proposal (which was HB 1411) would require the Missouri Assistive Technology Advisory Council to establish an assistive technology loan program to provide loans for the purchase of assistive technology devices and services as defined in section 191.850, RSMo. After July 1, 2001, upon appropriation and upon the state's receipt of any federal matching grant moneys, the loan program would provide loans. The proposal would create the Assistive Technology Loan Revolving Fund to be administered by the Missouri Assistive Technology Advisory Council and the State Treasurer. Moneys in the fund would be used to establish and maintain the assistive technology loan program.

This proposal (which was HB 1754) would establish the Blindness Education, Screening and Treatment Program Fund in the state treasury. The fund would be financed from a voluntary \$1 contribution from applicants who renew their motor vehicle registration and from a voluntary \$1 contribution from driver's license applicants. Moneys in the fund can be used for the purpose of financing a Blindness Education, Screening and Treatment Program. Unexpended balances in the fund would not revert to the credit of general revenue or any other fund at the end of any
DESCRIPTION (continued)

fiscal year.

Subject to the availability of funding, the Department of Health would be required to develop a Blindness Education, Screening and Treatment Program for the purposes of providing blindness prevention education, screening, and treatment for persons who do not have adequate coverage under their health benefit plan. The proposal would require the department to develop regulations governing eligibility requirements for the program and specifies the operation and

L.R. NO. 3565-03
BILL NO. HCS for HBs 1422, 1199, 1411, 1754, & 1947
PAGE 13 OF 13
March 3, 2000

features of the program. The effective date of the proposal would be January 1, 2001.

This proposal (which was HB 1947) would allow the Department of Health to contract with the Missouri Dental Board to establish a Donated Dental Services Program in conjunction with the provisions of Section 332.323, RSMo. Licensed volunteer dentists would provide comprehensive dental care for needy, disabled, elderly, and medically compromised persons. Dental care could be provided to such persons in a licensed volunteer dentist's office. Eligible persons would be required to pay for dental laboratory costs. The department would be required to contract with the Missouri Dental Board, its designee, or other qualified organizations to administer the program. The proposal also contains provisions specifying the contractual responsibilities of the organization administering the program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Health
Office of State Treasurer
Department of Revenue
Coordinating Board for Higher Education
University of Missouri
Department of Labor and Industrial Relations
Office of Secretary of State



Jeanne Jarrett, CPA
Director
March 3, 2000